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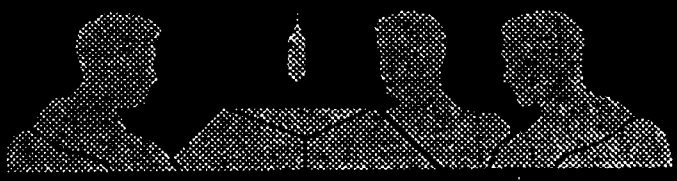

ROUND TABLE

THE SOUTH FACES ECONOMIC CHANGE

A Radio Discussion by ELLIS ARNALL
WALTER JOHNSON *and* PHILIP WELTNER

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Around the Round Table . . . .

ELLIS G. ARNALL, formerly governor of the state of Georgia, wa born in Georgia in 1907. He studied at Mercer University and the University of the South, where he received his A.B. degre He received his LL.B. degree at the University of Georgia in 1931 and was a mitted to the state bar in the same year. From 1933 to 1937 Mr. Arnall served a member and as speaker pro tem of the House of Representatives. He w elected governor in 1943 after serving as attorney-general of Georgia for the ter 1939–43. He is a member of the American and the Georgia State Bar associatio and the author of *The Shore Dimly Seen* (1946).

WALTER JOHNSON, assistant professor of American history at th University of Chicago, did his undergraduate work at Dartmou College and received his A.B. degree there in 1937. He was grante his M.A. and Ph.D. degrees by the University of Chicago, and he has been member of its department of history since 1940. Besides his academic interest Mr. Johnson has taken an active part in Illinois politics. He is the author o *The Battle against Isolation* (1944); *Selected Letters of William Allen White* (1947) and *William Allen White's America* (in press).

PHILIP WELTNER, now serving as president of Oglethorpe Univer sity, was formerly chancellor of the University System of Georgia He attended the University of Georgia, where he received his A.B degree, and Columbia University, where he received his law degree. He wa admitted to the Georgia bar in 1910 and has practiced law in Georgia. He wa formerly a Regent-at-Large of the University System of Georgia, and he serve as its chancellor from 1933 to 1935. During the war he was regional attorney fo the Office of Price Administration.

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The South Faces Economic Change

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MR. JOHNSON: Last Monday the Supreme Court of the United States handed down a crucially important freight-rate decision which supports the effort to create greater equality of freight rates between the Northeast, the South, and the West. What is the meaning of this freight-rate decision? What are the problems the South now faces? What is the New South?

Arnall, why is the South supposed to be economic problem number one of the nation?[1]

[1] On May 12, 1947, the Supreme Court of the United States, in a 7-to-2 decision, upheld the contention of the South and West that their industrial development had been held back by railroad freight rates which generally favored the North and East; and the Court ordered correction by directing adherence to a 1945 Interstate Commerce Commission decision which reduced classification rates by 10 per cent in the South and West and increased them 10 per cent in the region east of the Mississippi and north of the Ohio and Potomac rivers. The ICC, in May, 1945, after extended investigation, had decided that the prevailing rate structure discriminated against the South and West on almost all manufactured articles and ordered these changes as a first step toward equalizing the rates. The ICC proposed as the next step to work out a national uniformity in the class freight-rate structure. In its decision the Court held that present discriminatory rates were a form of "trade barrier" which had both impeded established industries and also had limited establishment of new ones and had thus made the evolution of these regions from agricultural to industrial economies difficult. Justice Douglas, in the majority decision, held that there was abundant evidence to support the findings of discrimination among the territories and that there was prejudice against the southern region and that natural disadvantages were not alone responsible for the retarded industrialism of the South and West. He argued that the discriminatory rate structure had also played a part. He also held that, if the ICC were powerless to increase rates to a reasonable minimum in order to eliminate an unlawful discrimination, it would in some cases be powerless to prescribe the remedy for unlawful practices.

MR. ARNALL: The South has been maliciously maligned, misrepresented, and greatly misunderstood. The South has been kicked around, has been exploited, and has been held in virtual economic slavery. The people in the South for many years have been relegated to the position of drawers of water and hewers of timber by monopoly absentee ownership in the industrial and political North.

The South is rich in human and natural resources and is crying out for development. It is destined to become the bright spot of the nation. We are throwing off the economic chains which have so long bound us. Freight-rate equality and freight-rate justice mean the South is well on her way to readmission to the Union at last.

MR. JOHNSON: You are an educator, Weltner. Certainly you think that the South is economic problem number one?

MR. WELTNER: There is a great deal to what Governor Arnall has said. On the other hand, I have always thought of the South as economic opportunity number one. So far as I am concerned, I chose to live here; I could have gone anywhere else. I have never known any place anywhere else as a home where we can choose to live life as we choose to lead it. I certainly would not want to live—and I do not believe that Governor Arnall would want to live—in Jersey City, Hoboken, Cicero, or East Liverpool, Ohio.

MR. ARNALL: Actually, you are not a southerner; you are not a native of the South, are you, Weltner?

MR. WELTNER: At the tender age of five I moved from the metropolitan center of New York, on Eleventh Street.

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MR. ARNALL: You are a southerner by now, then. Actually, let me say that I have recently completed a trip that carried me into thirty-three states, and I spoke to many people of all groups and all kinds. This is a great country, but do not sell the South short.

MR. JOHNSON: From you, Arnall and Weltner, I would gather that the South is a veritable Utopia. Yet, it seems to me there is a great lack of opportunity here. Has not your youth been leaving this section for many, many years?

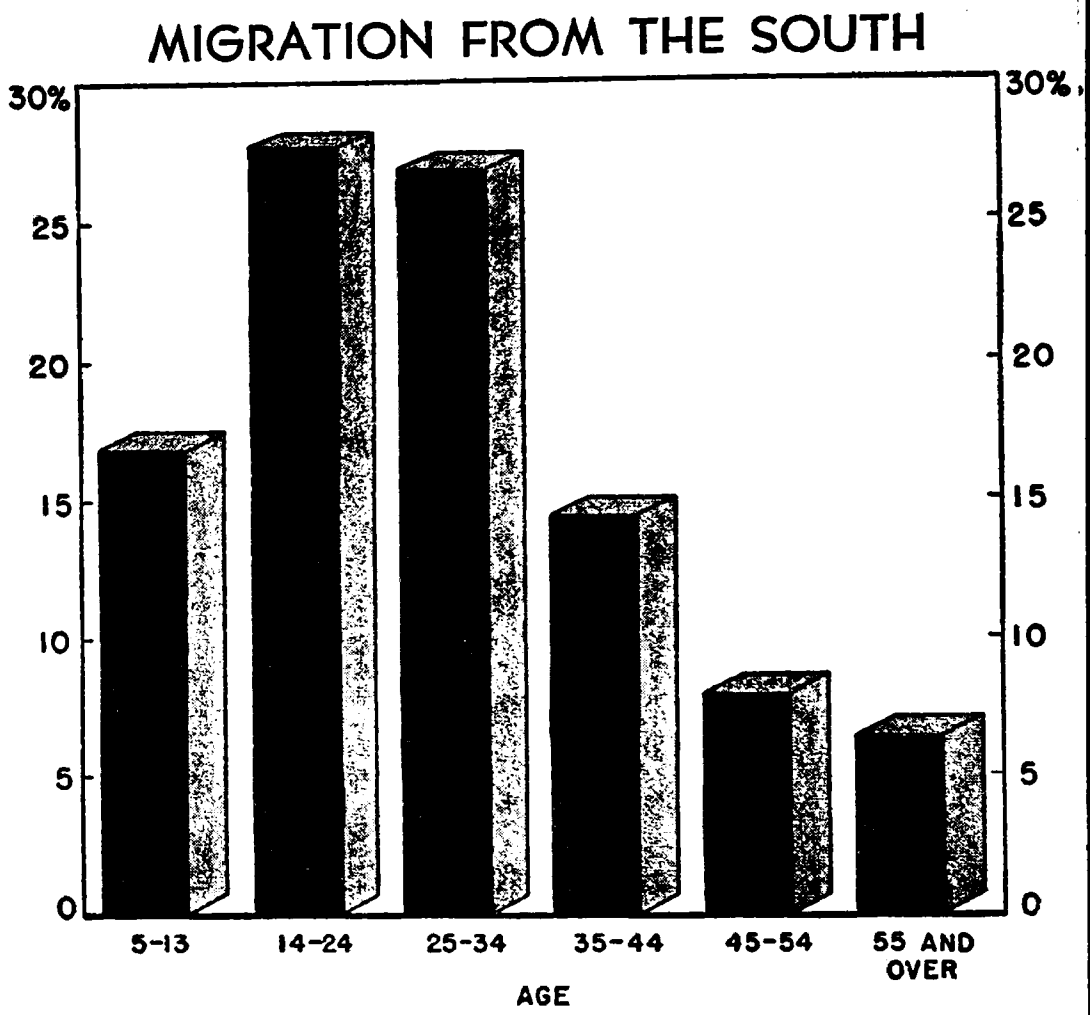
MR. ARNALL: Of course it has; and youth has been leaving other sections as well. One of the great things which builds up America is the fact that we do move about. However, it is true that we need to keep young people here in the South and also to bring others here, because we have great opportunities and those opportunities will be enhanced as the days and years go by.[2]

MR. WELTNER: As I see it, it is not that the South is bad; the

[2] An important aspect of the labor-supply situation in the South is that the region not only provides labor for its own factories and farms but that it also contributes substantially to the labor supply of other regions of the nation. During the 1920–30 decade the number of migrants leaving the South exceeded the number entering by an average of 130,000 a year. During the depression years of the 1930's, when job opportunities in northern and western cities were fewer, the net migration out of the South decreased to 100,000 a year. With the growth of the defense program and later of the war-production program, the annual rate stepped up to the unprecedented figure of 300,000. Probably most important in increasing the rate of migration was the growth of job opportunities in the North and West. In the 1940–43 period more than 80 per cent of the contracts for war products were let in these regions and in the cities where industry was concentrated.

The age distribution of these out-migrants from the South for 1935–40 was distributed in the following groups:

	Total	Male	Female
5–13 years of age.....	16.8	16.4	17.2
14–24.....	27.7	26.3	29.2
25–34.....	26.8	26.9	26.6
35–44.....	14.4	15.4	13.4
45–54.....	7.9	8.6	7.1
Over 55.....	6.4	6.4	6.5



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real question is that the South can become so much better. I think that there is where the emphasis should be.

MR. JOHNSON: Apparently the newspapers in this region felt so, from the editorials written about the Supreme Court decision last Monday on this freight-rate problem of the equalization of the rates in the North, East, and South.

MR. ARNALL: Of course, one of the most important and far-reaching decisions ever handed down by the Court was the decision last Monday which, in effect, held that after all these

years we do live in one nation and which in effect freed the South from economic slavery. The fight has not been won, but it is now well on the way.

MR. JOHNSON: This business of freight rates sounds complicated. Arnall, you have been in the fight since 1944. How did it come about and what is the question?

MR. ARNALL: It is complicated. As a matter of fact, the railroads for years have been saying that only a railroad president and a railroad lawyer had enough intelligence to understand the freight-rate structure. It is complicated, but other people can understand it, too. As a matter of fact, the truth about the freight-rate situation is simply this: A myriad of rates had grown up. Rates primarily are distinguished as between commodity rates and what is called "class rate." A commodity rate largely is one which relates to raw material. A class rate is one that is fixed for transportation of finished goods or manufactured goods. The South had for years been at a virtual 39 per cent disadvantage in class rates. The South, from 1937 up to the present moment, for the last ten years, has been aggressively pushing for freight-rate equality and freight-rate justice.

MR. JOHNSON: What does it really mean in a practical case? Come down to earth now and not talk academic language. What does an unequal freight-rate situation mean?

MR. ARNALL: Let us suppose, for example, that someone wanted to establish a work-clothing manufacturing plant in the South. Let us suppose that he wanted to establish one, for example, in Atlanta and that he wanted to ship goods to Hopkinsville, Kentucky. The distance from Atlanta to Hopkinsville is three hundred and sixty-two miles. Let us compare that with a company in the North. A work-clothing plant in Chicago, for example, in shipping finished goods to Hopkinsville, Kentucky,

would send those goods three hundred and sixty-nine miles, or a distance of seven miles greater than the distance from Atlanta to Hopkinsville. Yet, under the freight-rate system which has heretofore been in effect, the Chicago rate would be eighty-four cents per hundred whereas the Atlanta rate would be one dollar and six cents per hundred. Therefore, if the businessman in Atlanta is to be successful, somehow he must arrange to pick up a 22 per cent disadvantage in labor or in business acumen or in good luck, or whatever you might call it.

Likewise, let me use one other illustration—the case of canned vegetables from Milledgeville, Georgia, to Winston-Salem, North Carolina—a distance of three hundred and forty-nine miles. The rate is forty-nine cents per hundred, whereas from Baltimore to Winston-Salem, a distance of three hundred and sixty miles, the rate is forty-two cents. Therefore, the southern manufacturer or the southern canner had a disadvantage of seven cents per hundredweight in canned goods. Now that will be done away with.

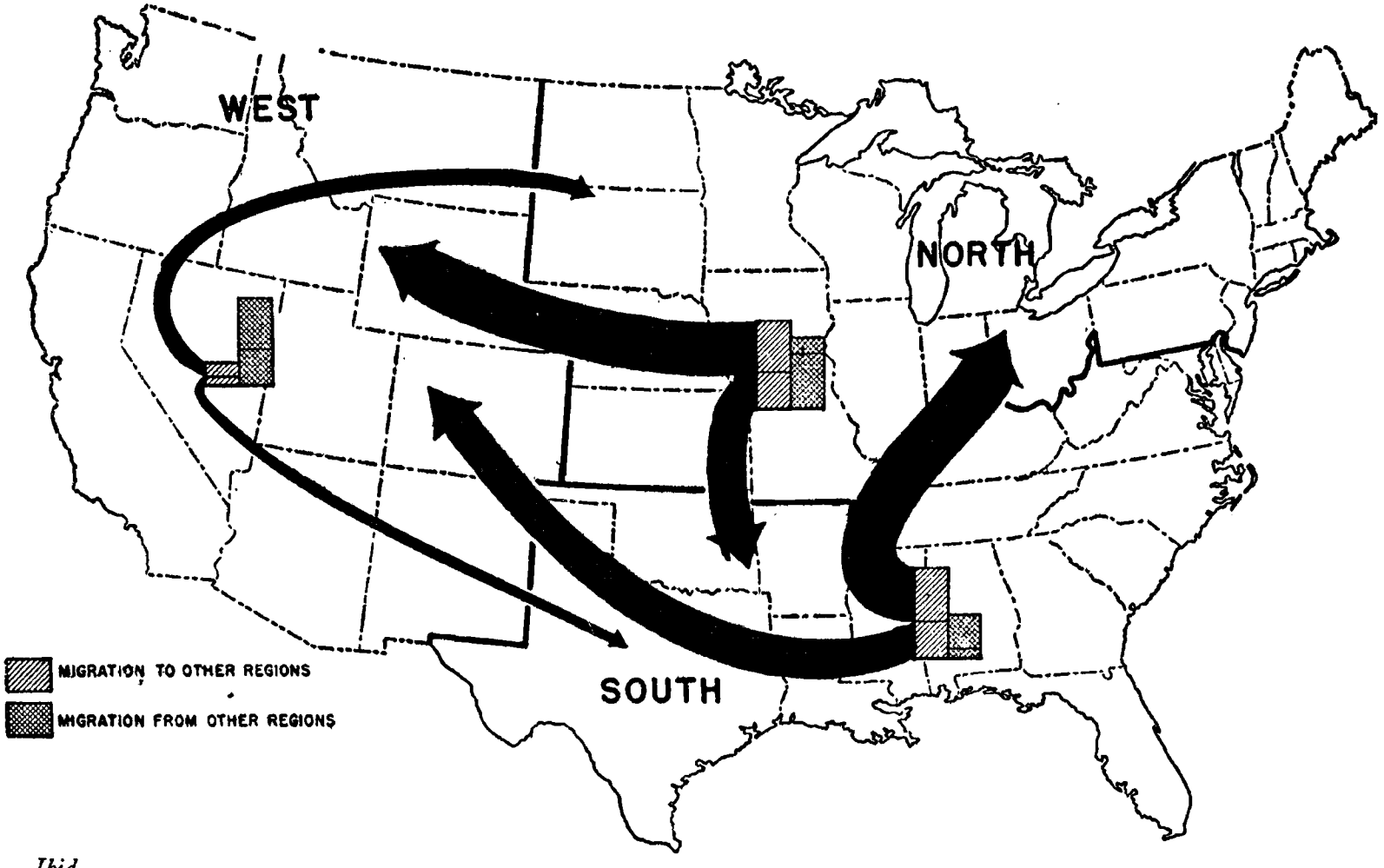
MR. WELTNER: We do have, I might interject, clothing manufacturers in the South. The fact has been, however, that, as a result of these freight rates, a clothing manufacturer has had to stay a small clothing manufacturer . . . .

MR. ARNALL: Exactly!

MR. WELTNER: . . . . and those clothing pay rolls have had to remain small pay rolls.

MR. ARNALL: And then, too, we might as well admit that, for years, because of high freight rates, we in the South were required to absorb that transportation cost in cheap labor. That is not true today.

MR. JOHNSON: Are freight rates really this important? Or, is the fact that the South has suffered economically due more to


CIVILIAN MIGRATION DURING THE WAR
WEST
NORTH
SOUTH
MIGRATION TO OTHER REGIONS
MIGRATION FROM OTHER REGIONS

Ibid.

lack of educational opportunity, lack of skilled labor, and many other problems of that type?[3]

MR. WELTNER: One of the difficulties, not only with education here in the South but with education everywhere (again I come back to the proposition that the economic is not, strictly speaking, the South's problem number one), is that education has lacked the one thing which, I think, education ought to do, and that is to make young people aware of their opportunities at home.

MR. ARNALL: They always look somewhere else.

MR. WELTNER: That is right. And since we have so many opportunities in the South, the South will profit the most from the new type of education which helps us to see advantages where we are.

MR. JOHNSON: Coming back to this freight-rate problem and

[3] In 1940, 37 million of the nation's 132 million people lived in the thirteen southern states. Except for Texas, which accounted for over 5 million persons, and North Carolina, with 3½ million, each of the other eleven states had populations which ranged roughly between 2 and 3 million persons. More than 65 per cent of the people in the South lived in rural areas in contrast with other regions of the country in which the proportion was less than 40 per cent.

POPULATION—1940

	Total	White	Nonwhite
South.....	37,013,000	27,651,000	9,362,000

The labor force or working population of the South totaled 14 million persons.

LABOR FORCE—1940

	Total	White	Nonwhite
South.....	13,827,000	10,035,000	3,792,000

Between 1920 and 1940 population growth in the South caused the southern labor force to expand at a greater rate than that of the North but at a lower rate than that of the West.

PERCENTAGE INCREASE—1920–49

	Population	Labor Force
South.....	20.2	25.0
North.....	16.3	20.0
West.....	35.9	36.7

the unequal rates between the South and the Northeast, basically, Arnall, is it not your own fault? It has been going on for years. Why has action not come about earlier?

MR. ARNALL: We have talked about freight rates for years and, like the weather, done very little about the rates. But, at long last, we have aggressively organized and worked. One of the great difficulties was that we did not have an organization. We did not get together. We did not raise our voice, so to speak, loud enough. As a matter of fact, I always had a belief that justice would be done if the people of all the nation knew about the injustice afforded and inflicted upon the South.

MR. WELTNER: Is this a fight against the railroads in any sense of the word?

MR. ARNALL: Not at all, although the railroads, at times, think that it is. The truth about it is that the railroads are entitled to profits; are entitled to prosperity; are entitled to succeed. And I want the railroads to succeed.

MR. WELTNER: Do you not think that the railroads are entitled to a fair return on their invested capital?

MR. ARNALL: They are entitled to a fair return on invested capital, and if it is necessary to raise freight rates, it suits me to raise them. But I want them equal, and I want them to apply alike to all people, irrespective of where they may live.

MR. JOHNSON: This case of last Monday was based on an Interstate Commerce Commission request that the railroads bring up their rates to an equal basis. That is quite different from your own case, Arnall, which you instituted here in the state, three or four years ago.

MR. ARNALL: This decision of last Monday came about in this manner: In 1937, the southern governors began action on com-

modity rates and class rates, bringing to the attention of the Interstate Commerce Commission the disparity in rates as they related to the South. Then the Interstate Commerce Commission started a cost study and made full investigation. In May, 1945, the Interstate Commerce Commission handed down its order directing the railroads to equalize freight rates, and, until such equalization could be put into effect, it said that southern rates would be lowered 10 per cent and northern rates, class rates, raised 10 per cent. That is the case which was decided by the Supreme Court. The Supreme Court merely held that the ICC was within its rights in issuing such an order. The Georgia case, instituted in 1944 against twenty of the leading railroads of the nation, charges those railroads with conspiracy to violate the Sherman Anti-trust Law.

MR. JOHNSON: Wait a minute. If the states, according to your definition of this, are going to enforce the anti-trust law, where does that leave the federal government? I thought that that was the job of the federal government?

MR. ARNALL: Of course it is the job of the federal government. But the trouble has been that the federal government has not always been able to enforce the Sherman Anti-trust Law. I do not criticize the Department of Justice. It has been largely due to lack of appropriations and lack of interest by the Congress to bring about the enforcement of the law.

MR. JOHNSON: Depending upon one's economic position in our society, this matter of the states enforcing the anti-trust laws has either alarming or wonderful possibilities. After you break the railroad monopoly, you move, through the state governments, against monopolies in various other branches of our economy.

MR. ARNALL: Yes. There is a wonderful opportunity here. Here is why. If the federal government moves against a trust or

monopoly, it must move through the lower courts, and then through the appellate court, and then to the Supreme Court. That involves many years and dilatory proceedings. Whereas, if the state moves, the state can invoke the original jurisdiction of the Supreme Court of the United States and, thereby, theoretically and practically obtain greater speed of decision.

If it is true, as it is true, that Georgia can move against the railroads—those which are accused of violating the anti-trust laws—then it is likewise true that, theoretically, at least, if the power trusts, for example, are impeding the economy of our state, we could move against the power trust or against any monopoly business interest.

MR. JOHNSON: Considering the decision last Monday of the Supreme Court requiring the equalization of rates, do you really believe, Weltner, from your experience here in the South, that the decision will do any good? Do you think that it will be carried out?

MR. WELTNER: I think that it certainly will. It is nothing which is going to happen all of a sudden. There is not going to be any easy solution, very promptly found and applied; but the trend is there.

MR. ARNALL: And I want to say that this freight-rate decision will not result in a magic formula which will bring prosperity to the South overnight, because we will go through a period of readjustment. For example, there are some southern businesses and industries which have favorable rates and, quite frankly, which have opposed this fight. They will be confronted with readjustments. They had special, privileged rates. So, it will be several years, in my judgment, until we can actually get into effect the equalized program and adjust business to fit into that program; but it will mean a development of the South and all the nation.

MR. WELTNER: It seems to me to be a part of the same problem of striving to obtain a balance between the South and the rest of the nation.

MR. JOHNSON: Do you mean to say that the South has not had a balance within the last fifty years? It has had the raw materials here. Why has it not developed the industries?

MR. ARNALL: Simply because the freight rates have been rigged up to keep the South agricultural, so that we could feed northern mills.

MR. WELTNER: I do not think that that is the only answer. Another answer is that we have not done sufficient research in the South, in connection with our own raw materials.

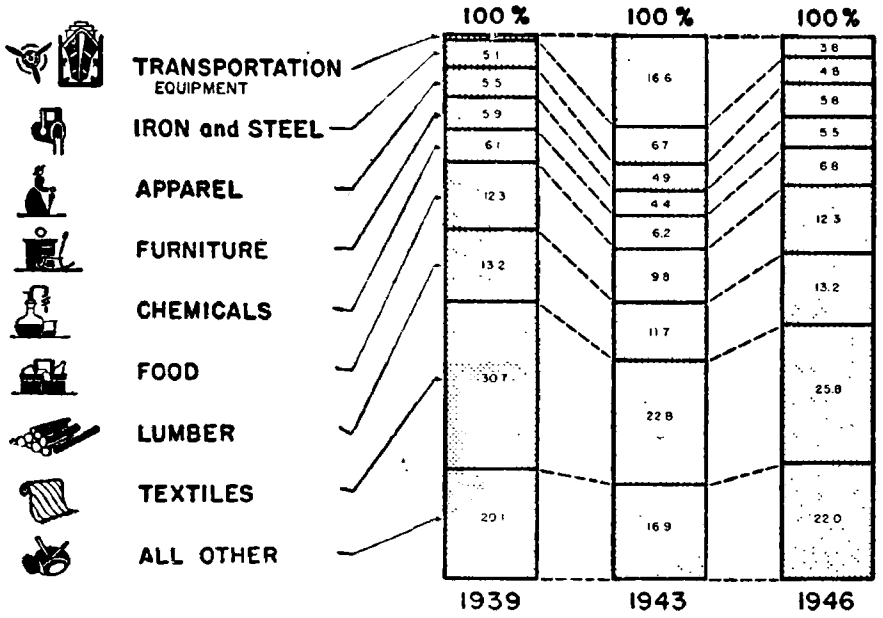
MR. ARNALL: Of course that is obviously true.

MR. JOHNSON: During World War II the South had an impact from industrialism unlike it had had for many years before. With that industrialism is going to come the organization of labor unions. What is all this going to do to the status of the South and the nation? How is it going to affect the new South?

MR. ARNALL: Of course, it is inevitable that, as the South becomes more heavily industrialized, labor unions will come. In my judgment, the labor movement has meant much to the workingman in the way of better wages and better working conditions. So, I think that it will be a wholesome thing for the South.

MR. WELTNER: I do not believe unionization is any ultimate solution. The ultimate solution, it strikes me, is a better relationship between management and labor. And I do not know that the best management and the best relation will be ultimately found through unionization.

MR. ARNALL: We are looking for that formula, and whoever



Ibid.

can come up with the magic formula will be the wonder of the day.

MR. JOHNSON: It rather surprises me to have you talk about the need for industrialization of the South, the bringing of new industries, the ending of absentee ownership, in view of the fact that not many years ago a group of leading southerners wrote a book in which they took the stand that the South should remain agrarian, because agrarianism was the only means by which the South could retain its old charm, its manners, and its country-gentleman traditions.

MR. WELTNER: I wonder, Johnson, where those gentlemen are now. That book seemed to have a strange otherworldly flavor.

MR. ARNALL: Actually, so far as I am concerned, I would be quite willing to give up some of the gracious living and charm for

more education, more health, and better opportunities which can come only when we have more money in our region.

MR. JOHNSON: Did the war actually bring to the South a real gain in income and a better standard of living?

MR. WELTNER: It is bound to have done so, because probably the greatest beneficiary from the standpoint of war economics was agriculture, and the South still leans heavily on agriculture, as you know. And not only that, the pay rolls in the South have tremendously expanded. And it is an expansion which probably will stay in very large part.[4]

[4] In 1880 less than 8 per cent of the wage-earners employed in manufacturing in the United States were in the thirteen southern states (Virginia, North Carolina, South Carolina, Georgia, Florida, Kentucky, Tennessee, Alabama, Mississippi, Arkansas, Louisiana, Oklahoma, Texas). By 1939 this percentage had risen to 17.2. An average of 1,362,027 wage-earners were employed in manufacturing in the South in 1939.

World War II expansion and subsequent contraction of the number of persons employed in manufacturing industries in the South closely paralleled the movement of manufacturing employment in the United States as a whole. By January, 1943, at the end of one year of full-scale war production, employment in the southern states had increased 60 per cent as compared with about a 64 per cent rise for the nation. By November, 1943—the wartime peak in manufacturing employment for both the southern region and the United States—those employed in the South numbered 2,836,000. The gain was 71 per cent as compared with a national increase of about 76 per cent over the prewar period. An even greater similarity of trend was apparent in the later war years. In August, 1944, both the South and the United States as a whole had an employment level 68 per cent above that of 1939. By V-J Day, in spite of cutbacks and contract cancellations, factory employment for both the United States and the southern states was about 50 per cent above the prewar level. Immediate contraction of employment at the war's end was not as severe in the South as in the nation as a whole. The 2,248,000 workers in the South in September, 1945, represented a decrease of less than 9 per cent between August and September compared with a national decline of over 12 per cent. Also, at the time of the postwar low, in February, 1946, the South's factory employment was 32 per cent above prewar as compared with only 24 per cent in the nation as a whole. Following the postwar low, the South did not gain as rapidly as the nation. August, 1946, manufacturing employment of 2,315,000 was 40 per cent above the prewar level, whereas the national increase was 44 per cent.

Despite the increase in industrialization during wartime, the relative position of the South in the nation's economy remained approximately the same. During the period of peak wartime employment, southern industry expanded slightly

MR. JOHNSON: Before we leave this very important question of the industrialization of the South, let us come back, for a moment, to the freight-rate question and to the railroads and to the future development of the South. I notice that after Georgia introduced its case in the Supreme Court, asking that the given railroads which had a monopoly situation be declared as violating the anti-trust laws, representatives in Congress introduced bills—one in the House and one in the Senate, the Bulwinkle-Reed Bill—which would exempt the railroads from anti-trust

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less rapidly than in the United States as a whole, but by 1945 it had again returned to the prewar ratio, where it remained. The South has not materially increased its share of the nation's total employment.

In the prewar period the nondurable goods industry group, heavily weighted by the textile industry, furnished over two-thirds of the employment in the South. Expansion in war industries—primarily shipbuilding and aircraft—increased the relative importance of employment in the durable-goods group to about 46 per cent of total in 1943. By 1946 the prewar ratio was again approached.

There has been a broadening of the importance of southern industries in the nation's economy. In 1939 almost half of the workers in the lumber industry and over two-fifths of those in the tobacco and the textile-mill products groups were in the southern states. The southern sections of the petroleum, furniture, and chemical industries each employed about a fourth of the United States total for these industries. The only other really important industry was food processing, which employed over a sixth of the United States total. At the 1943 peak the South accounted for an even greater share of those employed in each of these outstanding groups with the exception of chemicals. In addition, such manufacturing groups as transportation equipment and paper also had over 15 per cent of their employees located in the South and eight of the remaining eleven smaller groups increased in importance. Much of the diversification acquired during the war period was carried over into 1946. Whereas in 1939, five of the twenty major manufacturing groups had 5 per cent or less of their employment in the South, only three were in this position in 1946.

War expansion caused many changes in the industry group pattern within the southern region. The largest group was textile-mill products, which in 1939 furnished only slightly less than a third of all factory employment. The lumber and food-processing groups were next and together employed about a fourth of the total. Chemical products, furniture, apparel, and the iron and steel products groups accounted for another fourth. By 1943 all groups showed aggregate increases in average employment varying from a few hundred in the automobile industry to a gain of 443,000 in the transportation-equipment group. In 1946 the aggregate average employment in all industry groups, except miscellaneous industries, was above the prewar level and for ten of the major groups was above

legislation. If you do not look out, Arnall, your case is going to be thrown out of the Supreme Court.

MR. ARNALL: Yes. There is a great danger of that. The decision of the Supreme Court upholding the ICC order, requiring equalization of rates, will not be enough unless we can break up the private government which the railroads have exercised in this country for so long. The Association of American Railroads is a tight organization which forces its policies upon all its members, whether they agree to them and like them or not. And the Bulwinkle and the Reed bills, pending in Congress, have for their purpose the exemption of the railroads from the anti-trust laws. They would likewise exempt the trucking lines, the bus lines, the steamship companies, the air lines, and all transportation utilities from the anti-trust laws. If either of those bills pass, then the Georgia case goes out the window, and that will mean that the railroads and transportation monopoly will continue to exert and exercise the powers of private government. The danger in that is not only in regard to transportation, but if the railroads can cause themselves to be exempted from the anti-trust laws,

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the 1943 levels. As regards total regional employment, the largest relative decrease between 1939 and 1946 was in textile-mill products—from 31 to 26 per cent (*Monthly Labor Review*, October, 1946, and February, 1947).

Estimates of total manufacturing employment in the South for selected periods are as follows (in thousands):

Prewar employment	1,657.5
January, 1943	2,656.3
November, 1943	2,836.1
August, 1945	2,462.8
September, 1945	2,247.9

Employment in all manufacturing in the South was the following proportion of United States total in all manufacturing:

1939	16.4%
1943	15.9%
1944	16.1%
1945	16.4%
1946	16.4%

then it is true that there will follow a bill to exempt insurance companies from anti-trust laws (and I can talk about insurance companies because I am president of one); and then, after that, there will follow a bill to exempt the Associated Press from anti-trust laws. You know the Associated Press has been held to be violative of anti-trust laws.

MR. JOHNSON: You have just traveled all over the country, Arnall, as you mentioned a little earlier. Is the South the only area which wants anti-trust prosecutions?

MR. ARNALL: No. I think that the people want anti-trust prosecutions everywhere. It is only those who are parties to monopoly themselves and who benefit therefrom who want the trusts to be left alone.

MR. JOHNSON: Assuming that your Geòrgia case wins in the Supreme Court and that you get increased industrialization in this area, from your own experience, Weltner, in the Farm Resettlement Administration work during the days of the New Deal, what would you say is the future of southern agriculture under such a situation? Is southern agriculture going to become mechanized? Are your people going to leave this area?

MR. WELTNER: I do not believe that southern agriculture, and certainly not in the Southeast, is going to be mechanized. As a matter of fact, you know when you talk about "the South," you are talking about many Souths. There is no one South. The Southeast represents one section; and the Southwest another; and Louisiana is quite separate and apart from both. Mechanization, in my judgment, will not affect the Southeast to any tremendous extent.

MR. ARNALL: Of course, that is true, too, because our terrain in this part of the South is not so well adapted to mechanized farming.

MR. WELTNER: That is quite right. Actually what we need are fewer folks on the farm and more people on industrial pay rolls.[5]

MR. ARNALL: And we need to bring about a balance between agriculture and industry.

MR. JOHNSON: Certainly the future of the South economically is closely tied up with the future of politics in this area. We have with us here today two people trained in the politics of the South. Are there ever going to be two parties in this region? For instance, it is amazing to me to think that the South remains in the Democratic party, because, as a result, the Democratic national administration just ignores the South. They have you anyway in the South. They do not have to do anything for you. Why do you not become coy?

MR. ARNALL: Of course, it is true that the South is the stepchild, politically, of the nation.

MR. WELTNER: I do not believe that Governor Arnall is going to become a Republican.

MR. ARNALL: No. The only way that we are going to have two parties in the South is for one of those parties to get rid of the name "Republican."

[5] The South's share in total income payments in the United States was as follows (in millions):

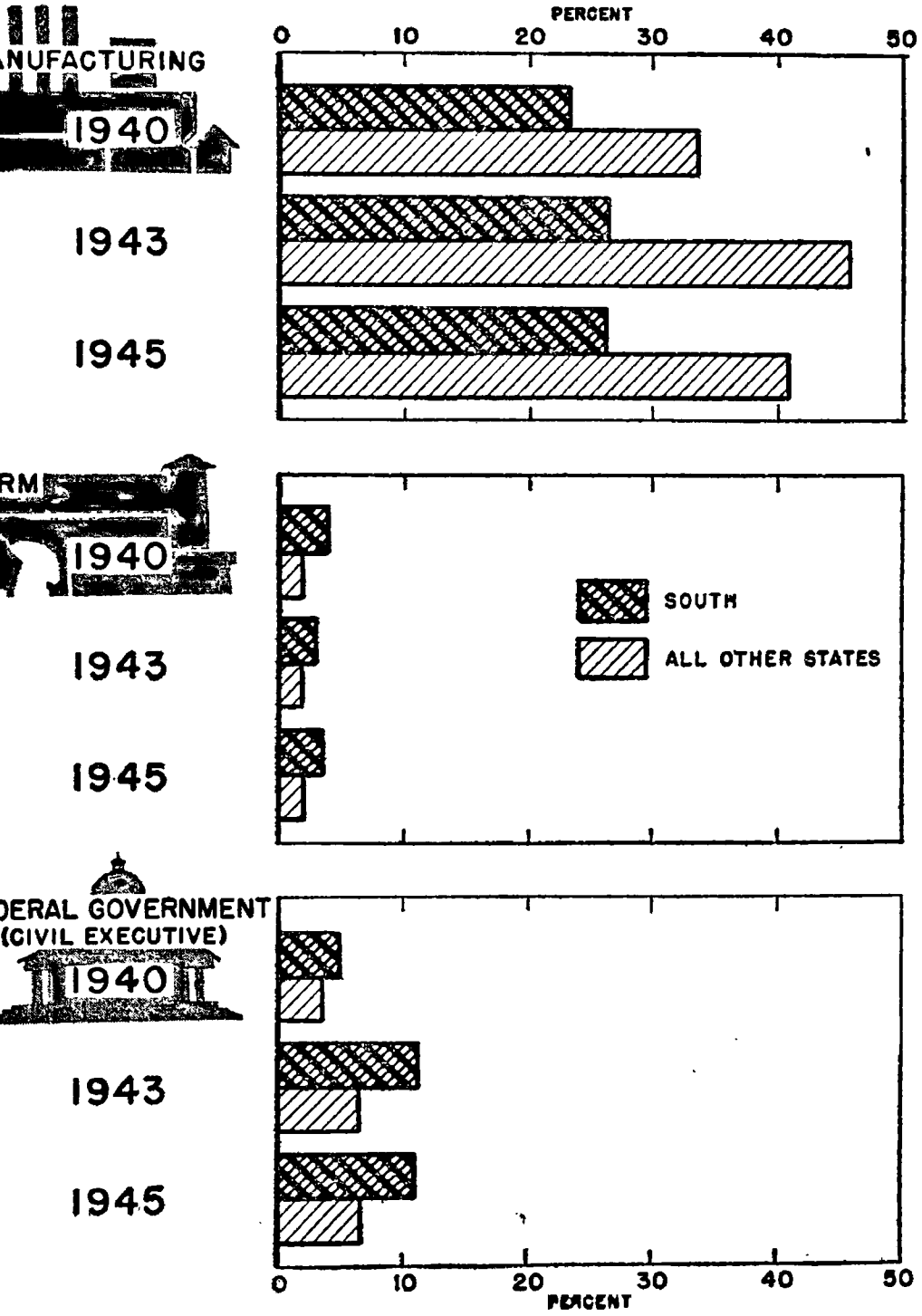
	1929	1933	1939	1945
United States	$82,617	$46,273	$70,601	$152,704
Southern states	12,428	7,225	11,764	29,787
Southeastern states	7,257	4,361	7,108	18,602
Southwestern states	5,171	2,864	4,821	11,185
All other states	70,189	39,048	58,837	122,917

Agricultural income payments were as follows (in millions):

	1929	1933	1939	1945
United States	$6,965	$2,962	$5,302	$15,091
Southern states	2,513	1,244	1,956	4,821
Southeastern states	1,448	757	1,186	3,129
Southwestern states	1,065	487	770	1,692
All other states	4,452	1,718	3,346	10,270

WAGE AND SALARY PAYMENTS IN THE SOUTH

(As Percentage of Total for Country)



id.

MR. JOHNSON: You have a movement in the South at the present moment, Arnall, which, it seems to me, is an extremely retroactive step. It is a step going back in the political history of this nation. You yourself claim that the South is the hope of liberalism.

MR. ARNALL: It is, too.

MR. JOHNSON: And yet there are two or three southern states which have recently passed laws making the Democratic party private associations, clubs, whereby they can determine for themselves what members and what people can vote in their party. You are going to have a little clique of southern demagogues who are going to run the South.

MR. ARNALL: Let me say that I believe the South is the hope of liberalism because the South has long been the underprivileged section of the nation, and liberal causes always appeal to those who are underprivileged, when they have adequate education to know what is to their advantage and what is to their disadvantage.

MR. WELTNER: What do you mean by "liberalism"?

MR. ARNALL: It is a term which is being bandied about. You know, it has gotten to be almost an opprobrious term, by the way.

MR. WELTNER: It is quite hackneyed, it seems to me.

MR. ARNALL: Yes, but I still believe that liberalism means simply a policy of government whereby the individual dignity and the individual freedom of the individual come first, and equal rights for all is a corollary.

MR. JOHNSON: Is not your question on liberalism answered in part on this freight-rate-case subject on which we opened this

discussion? The freight-rate decision is clearly based on the premise of equal treatment for all peoples and all areas of the nation. Is not liberalism in this country basically the idea of an equal chance for all, plus the right of the individual to develop along his own lines?

MR. WELTNER: That is the way I understand Uncle Thomas Jefferson, and he is hard to improve on.

MR. JOHNSON: And under that interpretation of freedom of the individual and equal chance for all, you would still maintain that the South and the West are the hope of liberalism in spite of this move toward the closed primary?

MR. ARNALL: I do, and I want to get to the point of the so-called "closed" primary, which I believe exists only in South Carolina and in Mississippi. There is, of course, no question that the systems which have been set up in those states will be declared unconstitutional by the Supreme Court, because you cannot do by indirection what you cannot do by direction. The minute a political party or club places its nominee on the general election ballot, that nomination becomes a part of the election machinery and is subject to legal scrutiny.

MR. JOHNSON: Basically, you people who are skilled in southern politics, would you agree that this move for the closed primary is not a question primarily of race but largely of a small southern white clique which wants to retain power in politics and not have a wide suffrage?

MR. ARNALL: Of course the whole fight in politics is a quest for power, or the retention of power, irrespective of what part of the country it may be—whether it is a city machine or a courthouse ring, whether it is a white group, whether it is an Italian group. It is irrespective of what the group may be.

MR. WELTNER: May I interrupt to say—and this is a personal

opinion and maybe the expression of an idealist—that if and when we accord equal political rights in the South, irrespective of race, from that minute on, we will have a two-party system. The present plan of political operation is a no-party system.

MR. ARNALL: But you do not necessarily mean a two-party system, comprised of the Democratic party and the Republican party?

MR. WELTNER: I mean two-party—expressing two opposite political faiths.

MR. JOHNSON: We all know from practical experience that politics, after all, costs money. Arnall, who has the money in the South for politics?

MR. ARNALL: It is my theory that one reason that the South has been plagued with the demagogues, perhaps as much or more so than any other section of the nation, has been that, up until now, we have had so few wealthy people who were interested in public affairs. That meant that the vested interests could finance the demagogues and undertake to establish and preach and teach a status quo. They were afraid of change.

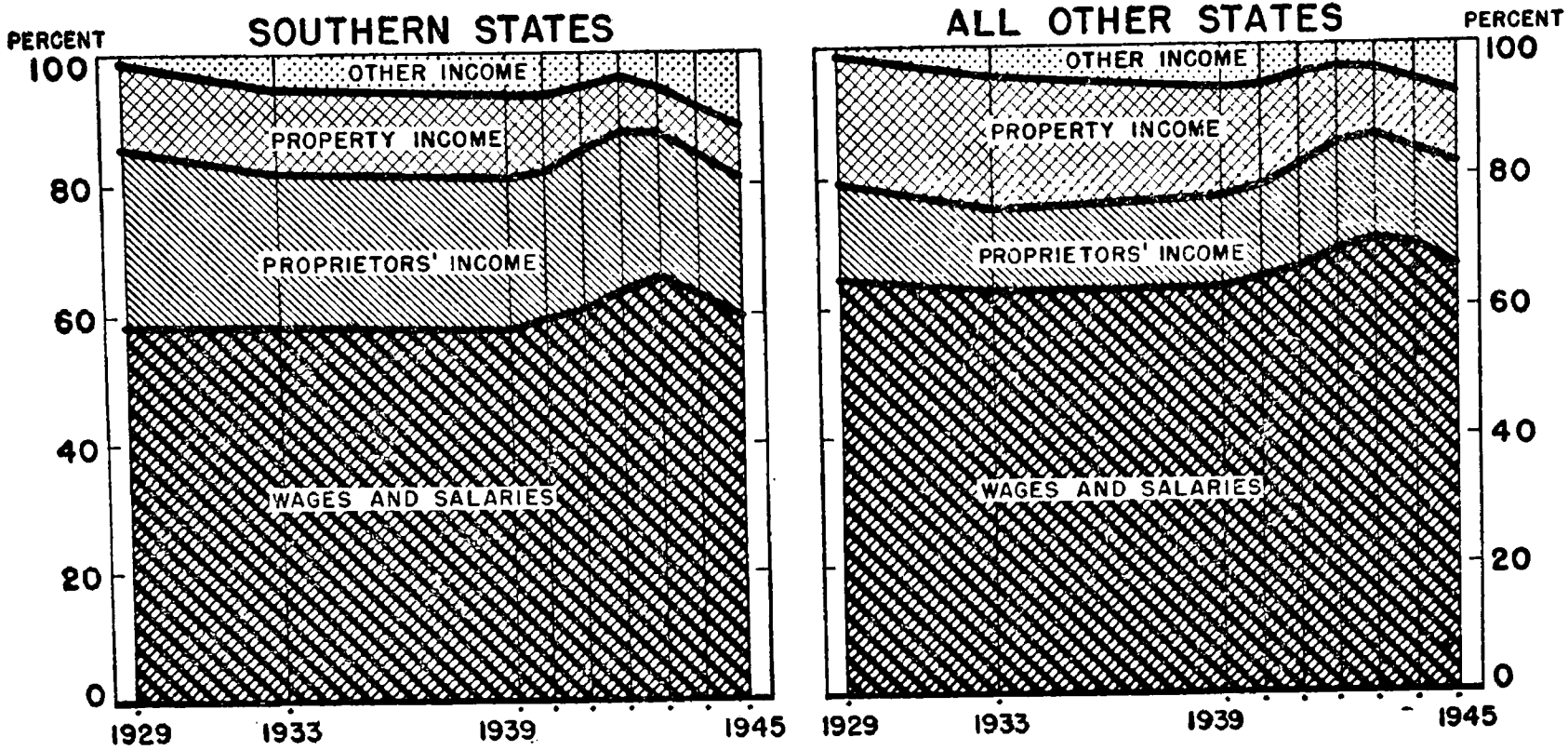
MR. JOHNSON: How do you bring about change, then, in your political structure? Through President Weltner's educational philosophy?

MR. ARNALL: Of course, education is essential, but, in addition to that, we must have economic income. We must have a more abundant economy in which more of our people will have more money.

MR. WELTNER: It strikes me, though, that the thing which we have missed is gearing education to the creation of economic opportunity.

MR. ARNALL: And, of course, it must be used for that.

DISTRIBUTION OF INCOME PAYMENTS



Ibid.

MR. WELTNER: It must be used for it!

MR. JOHNSON: No discussion of the future of politics in the South or of the economic development of the South could possibly be made by us in this program without mentioning the international question; that, too, certainly affects this region. I have always been amazed, frankly, Arnall, that the South seems to be so much more internationally minded than the rest of the country. Let us take the period from 1939 to Pearl Harbor, for instance. The movement to aid the Allies had far greater strength in this section, proportionately, than in any other section of the nation.

MR. ARNALL: That is amazing, particularly in view of the fact that so few of our people are foreign-born or one generation removed.

MR. JOHNSON: You have almost no immigrant population.

MR. ARNALL: That is true.

MR. WELTNER: There is greater kinship, for one thing.

MR. JOHNSON: Kinship in what way? What do you mean?

MR. WELTNER: Kinship by tradition and also by blood.

MR. JOHNSON: Tradition to whom?

MR. WELTNER: To the English.

MR. JOHNSON: All right, to the English. Then, you have in addition to this English kinship and tradition, a long-range policy of free trade in the South.

MR. WELTNER: That is right.

MR. ARNALL: And there was a time when we were very close to England in our commercial ventures.

MR. JOHNSON: Are you willing to offer an explanation why the South also is more military-minded than the rest of the country? It seems to me that it fits into the international question. How about it?

MR. WELTNER: Our people down here, I believe, are willing to make sacrifices and are willing to go for our ideals. Idealism has its last stand in the South.

MR. JOHNSON: Are you sure that it is idealism or is it lack of opportunity which drives people from the rural South into the military service?

MR. WELTNER: I think that it is the ideal of public service. That always has been a tradition in the South.

MR. ARNALL: I want to get away from the military observation to say that, while it is true that the South has in proportion to the rest of the nation long been underprivileged in income, it is true also that for the past few years the greatest proportionate increase throughout America has been to the southeastern region of the nation.[6] So, we are well on our way. Make no mistake about that! And I cannot minimize in any way the importance of the freight-rate decision, because most of the ills

[6] The differential in incomes between the South and other regions of the country is being decreased. Since 1929 per capita income in the southern states has grown steadily nearer the national average. The southern per capita income of $371 in 1929 was 55 per cent of the national per capita average. In 1940 the southern per capita income of $340 was 59 per cent of this average. Even with a somewhat greater relative increase in population between 1940 and 1945, per capita income in the southern states was $797 in 1945—69 per cent of the national average.

PER CAPITA INCOME PAYMENTS, SELECTED YEARS

	1929	1933	1939	1940	1945
United States.....	$680	$368	$539	$575	$1,150
Southern states.....	371	210	323	340	797
Southeastern states...	339	198	303	324	767
Southwestern states...	428	230	359	369	852
All other states.....	795	429	624	667	1,290

which afflict the South are due to one thing—the relative poverty of our people. As we have more income, as we balance agriculture with industry, we will have more money to spend for education and health and economic opportunity and, thereby, can bring about a more abundant life for our people.

MR. JOHNSON: In closing this discussion one must remark, as you, Arnall, did in your recent book, *The Shore Dimly Seen*, that the South is a paradox. It boasts of an equalitarian principle; yet it has wide disparity between rich and poor. It stresses individualism, but it has the one-party principle. It is an area which is rich in human and natural resources and blessed with a favorable climate, and yet the people have been relatively poor. This paradox—and the fact that the South is a diverse area with many varied interests—forms a necessary background to understand the issues which the South faces in economic change.

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What Do *You* Think?

1. What are the major problems which the South faces today? Are they, in your opinion, chiefly economic problems? What are the social problems which the South must solve? How far do you think that some solution of the economic problems will go toward solving its social problems? Discuss. Why has the South suffered economically for so long?

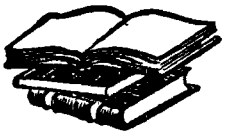
2. In view of the importance of the economic problems in the South, what is the significance of last week's Supreme Court decision in regard to freight rates? How far does this decision go in solving the freight-rate problem? What are the other freight-rate cases which are pending? What results will this decision bring? Will it do any good? Will it be carried out? What is the problem of monopoly?

3. What are the opportunities for industry in the South? What are the resources which are available for new industry? What are the chief industries of the South at the present time? What are the possibilities of their expansion? Is industrialization the hope of the South?

4. Will the growth of industrialization with the development of new job opportunities tend to stop the migration of population out of the South? What role can education serve in developing an awareness of the opportunities at home? What are the problems of providing educational opportunity in the South?

5. What is the future of agriculture in the South? Can southern agriculture be mechanized? What is the future of cotton farming? How is it changing today? How should agriculture and industry be balanced in the South?

6. Do you think that the South is the "hope of liberalism"? How do you define "liberalism"? What can be said about the political situation in the South today? What are the possibilities of a two-party system? How can a change be brought about in the South's political system?



More on This Topic

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City	Call Letters	Kilocycles	City	Call Letters	Kilocycles
Allentown, Pa.	WSAN	1470	Martinsville, Va.	WMVA	1450
Asheville, N.C.	WISE	1230	Miami, Fla.	WIOD	610
Atlanta, Ga.	WSB	750	New York, N.Y.	WNBC	660
Augusta, Me.	WRDO	1400	Norfolk, Va.	WTAR	790
Baltimore, Md.	WBAL	1090	Portland, Me.	WCSH	970
Bangor, Me.	WLBZ	620	Providence, R.I.	WJAR	920
Bluefield, W. Va.	WHIS	1440	Raleigh, N.C.	WPTF	680
Buffalo, N.Y.	WBEN	930	Reading, Pa.	WRAW	1340
Charlotte, N.C.	WSOC	1240	Richmond, Va.	WMBG	1380
Cumberland, Md.	WTBO	1450	Saginaw, Mich.	WSAM	1400
Elmira, N.Y.	WENY	1230	Tampa, Fla.	WFLA	970
Grand Rapids, Mich.	WOOD	1300	Trenton, N.J.	WTTM	920
Harrisburg, Pa.	WKBO	1230	Washington, D.C.	WRC	980
Harrisonburg, Va.	WSVA	550	Wilkes-Barre, Pa.	WBRE	1340
Jacksonville, Fla.	WJAX	930	Wilmington, Del.	WDEL	1150
Lancaster, Pa.	WGAL	1490	Winston-Salem, N.C.	WSJS	600
Lewistown, Pa.	WMRF	1490	York, Pa.	WORK	1350
Lima, Ohio	WLOK	1240	Zanesville, Ohio	WHIZ	1240

12:30 P.M. CENTRAL DAYLIGHT-SAVING TIME

Bismarck, N.D.	KFYR	550	Mobile, Ala.	WALA	1410
Chicago, Ill.	WMAQ	670	Minneapolis and St. Paul, Minn.	KSTP	1500
Des Moines, Iowa	WHO	1040	Shreveport, La.	KTBS	1480
Duluth, Minn., and Superior, Wis.	WEBC	1320	St. Cloud, Minn.	KFAM	1450
Evansville, Ind.	WGBF	1280	Sioux Falls, S.D.	KELO	1230
Fargo, N.D.	WDAY	970	Springfield, Mo.	KGBX	1260
Hibbing, Minn.	WMFG	1240	Terre Haute, Ind.	WBOW	1230
Jackson, Miss.	WJDX	1300	Virginia, Minn.	WHLB	1400
La Crosse, Wis.	WKBH	1410	Wichita, Kan.	KANS	1240
Louisville, Ky.	WAVE	970			

11:30 A.M. MOUNTAIN DAYLIGHT-SAVING TIME

Albuquerque, N.M.	KOB	770	Helena, Mont.	KPFA	1240
Billings, Mont.	KGHL	790	Phoenix, Ariz.	KTAR	620
Boise, Idaho	KIDO	1380	Salt Lake City, Utah	KDYL	1320
Butte, Mont.	KGIR	1370	Tucson, Ariz.	KVOA	1290
Denver, Colo.	KOA	850	Twin Falls, Idaho	KTFI	1270

10:30 A.M. PACIFIC DAYLIGHT-SAVING TIME

Fresno, Calif.	KMJ	580	Reno, Nev.	KOH	630
Los Angeles, Calif.	KFI	640	Sacramento, Calif.	KCRA	1340
Medford, Ore.	KMED	1440	Seattle, Wash.	KOMO	1000
Portland, Ore.	KGW	620	Spokane, Wash.	KHQ	590

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Erie, Pa. (Sunday, 11:30 A.M., EST)	WERC	1230	San Diego, Calif. (Sunday, 9:00 A.M., PDT)	KFSD	600
Fort Wayne, Ind. (Sunday, 10:00 P.M., CST)	WGL	1450	San Francisco, Calif. (Sunday, 9:00 A.M., PDT)	KPO	680
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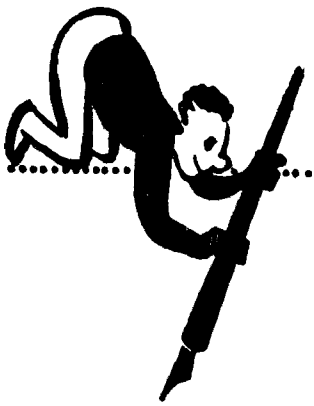

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